

Minutes of a Meeting of the AWP NHS Trust Audit and Risk Committee

Held on Friday 14th October, 2016 at 10.00am, in Seminar Room 4 - HQ

These Minutes are presented for **Approval**

Members Present

Charlotte Moar (CM) - Non-Executive Director (Chair) Mark Outhwaite (MO) - Non-Executive Director

Staff In Attendance

Paul Daniels (PD) Head of Health & Safety - Nursing, Compliance, Assurance and Standards	Jayne Williams (JWi) – Head of Financial Accounting and Treasury
Simon Truelove (ST) – Director of Finance	Christina Gradowski (CG) – Interim Associate Director of Corporate Governance
Jennifer Ward (JW)-Corporate Governance	Barrie Morris (BM) - Director, Grant Thornton
Nick Atkinson (NAt) – Head of Internal Audit, RSM	Vickie Gould (VG) – Assistant Manager, RSM
Rebecca Eastley (RE) Medical Director	James Shortall (JS) Counter Fraud Specialist
Kate Webb (KW) Senior Business Manager - Bristol Mental Health	

AR/16/064 Declaration of Members' Interests

1. In accordance with AWP Standing Orders (s8.1) members present were asked to declare any conflicts of interest with items on the Committee meeting agenda.
2. ST reported that his wife was the Deputy Chief Executive of the RUH.
3. **No other declarations were made.**

AR/16/065 Apologies

1. Apologies were received from Andrew Dean (AD).

AR/16/066 Minutes/Summary of the Meeting on 19th August 2016

1. The Minutes were reviewed for accuracy. The following amendments were recorded:
2. AR/16/053 (Paragraph 3): It was clarified that Version 15 would be released in June and the audit work would be carried out six months later.
3. AR/16/056: It was noted that NAt had presented the Internal Audit Progress Report rather than LM.
4. The minutes of the meeting dated 19th August 2016 were **approved**.

AR/16/067 Matters Arising from the Previous Meeting

1. The Committee reviewed the matters arising as follows:
2. AR/16/49: South Glos Risk Register – Sue McKenna and Matthew Page are working with

the South Glos team on the Meridian work to re-engage with the team. . This item was noted as **ongoing**.

3. STP: The Committee requested that the Executive Team (as a whole) consider what financial and operational risks were involved with the STP process and to update the AWP risk register accordingly. This action had not been completed, but CG undertook to ensure this is completed prior to the next meeting. It was also agreed that the two STP risk registers which would set out the risks relating to the whole STP system rather than just those for AWP would be brought to the next Audit and Risk Committee meeting by Rachel Clark. This item was noted as **ongoing**. **ACTION CG/RC**.
4. AR/16/56: Procurement. Internal Audit had reviewed the detail and confirmed that the biggest areas of non-compliance were in IT. A session would be held on IT Information Governance in December 2016 and procurement issues would be added to the agenda for that meeting. This item was noted as **ongoing**. **ACTION CG**.
5. Your Care Your Way: It was noted that there had been no confirmation provided to AWP about their involvement in Your Care Your Way but this matter was now being reported through to the Board.
6. No update was provided on risk 193 – staff engagement due to the absence of the Director of Nursing. All other items were noted as either being **complete** or **not due**.

Horizontal Reporting

7. The horizontal reporting items were noted.

AR/16/068 Registers of Interests and Register of Gifts and Hospitality

1. CG advised that the reporting of Interests and the Register of Gifts and Hospitality with AWP was limited. She suggested that this may be a result of limited awareness around declaration requirements.
2. It was noted that NHS England had circulated Conflict of Interest Guidance for consultation which referred specifically to gifts and hospitality and proposed limits at which declarations should be made.
3. It was agreed that the policy should be reviewed. The policy should be simple/clear about what must be reported and to whom within the organisation. It was also suggested that a simple guide as part of the SFI/SO refresh could be developed that covered key governance issues which staff needed to know. **ACTION CG**.

AR/16/069 Board Assurance Framework Progress Report

1. CG noted that the Trust currently kept a Strategic Risk Register and a Corporate Risk Register. She noted her view that the organisation did not require both a Strategic Risk Register and a Corporate Risk Register.
2. NAt advised that the Board Assurance Framework should look at the principal risks to the objectives of the organisation, noting that these would come from the strategy. It was also his view that there was no need to hold both a Strategic Risk Register and a Corporate Risk Register (CRR), just the CRR. It was agreed that the organisation could dispense with the Strategic Risk Register. **ACTION CG**.
3. CG noted that new risk matrices had been introduced in 2015 and sought to clarify whether staff understood the risk grading process and whether they were using the risk matrices that had been approved. PD noted that it was difficult enough to get staff to use one risk matrix, and considered staff would find it onerous to use three matrices.
4. NAt advised that three risk matrices had been developed because it had been considered

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that the organisation would tolerate a greater level of risk around certain objectives/risks. He agreed that there could be a case for making the process simpler.

5. There was a discussion about how the RiskWeb system worked. MO asked if there was a full understanding of RiskWeb functionality. PD advised that RiskWeb had been tailored for the organisation but acknowledged that there would be opportunities to utilise RiskWeb in a more effective way. He reported that one of his key priorities is to work on RiskWeb functionality with the supplier.
6. It was **agreed** that the risk rating process should be simplified. The executive review process could then be used to moderate/modify risk scoring further. **ACTION CG.**
7. The Committee **noted** the Board Assurance Framework Progress Report.

AR/16/070 Update on Trust Risk Registers

1. PD provided an overview of the top risks identified in the risk registers.
2. He reported that the CAMHS management structure was the highest risk area given its impact on patient safety and quality of care.
3. The delay in achieving CIPs and staff engagement in Bristol were the next highest areas of risk.
4. CM asked how well staff understood their key risks when logging onto RiskWeb. PD considered there were some large gaps in this regard. He reported that while some areas were using RiskWeb effectively and independently, others required more assistance.
5. CM asked about the progress of the RiskWeb rollout. PD advised that his first priority was to recruit a Risk Manager to provide RiskWeb training.
6. CM asked for an update to be provided to the Committee via email on the progress that had been made in rolling out RiskWeb. The report should identify how many teams had been trained and had their risk register on RiskWeb and identify how many teams were still to be trained. The report should identify how many training days were required to bring every team into RiskWeb and when this was expected to be delivered. A plan should be presented that showed how RiskWeb would be set up in the most effective way to enable staff to engage. It was agreed that this update would be provided within two weeks. **ACTION PD.**
7. CM noted that the top risks identified in PD's paper did not align with her understanding of the top risks in the organisation. She noted in particular that STP and Workforce had not been identified as risk areas. She sought to understand the process whereby the top risks had been identified.
8. CG advised that the Corporate Risk Register was populated from the Executive Risk Registers (Business Delivery, Clinical and Operational) and was reviewed by individual Executives. .
9. ST proposed that a more effective way to determine the key risks would be to identify common themes from the risk registers that could then populate the CRR. He undertook to propose a process to the Executive Team that would enable the organisation to take a more streamlined approach to reporting the key risks. This would include the Executive Team discussing risks as a group and agreeing the highest risks and mitigations. **ACTION ST/RE/CG.**
10. It was agreed that CG would use the newly constructed CRR to produce the Board Assurance Framework. **ACTION CG.**
11. MO noted the importance of providing a sense of changing dynamic within the risk

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registers. PD advised that he would be seeking to measure how long risks remained on the risk registers and to identify how often they were being reviewed. MO also noted that he would like to see performance reporting on key risk areas (e.g. back office/corporate services). ST suggested that a Corporate Services Dashboard would provide an indication of the effectiveness of corporate services.

Bristol System Leadership Risk Register

1. It was reported that the Internal Audit Report had been provided to Kate Webb (KW) to ensure she was aware of the Action Plan.
2. The report had been updated to reflect there were still engagement issues in certain areas.
3. The action plan and deadlines had been reviewed and updated.
4. Follow up work would be scoped and discussed with KW and ST.
5. KW spoke to the items on the Bristol System Leadership Risk Register.
6. She reported that the Bristol System Leadership Team (BSL) was not included in the Trust's performance management arrangements and was not held to account for delivery. BSL had been set up as a mechanism to bring partners across Bristol together who had a role in mental health service provision in a collaborative and joined up model. BSL is not responsible for performance managing the partner organisations (e.g. Second Step, St Mungo's etc.). Bristol System Leadership is accountable to the Trust via BSL Clinical Lead, Will Hall to Hayley Richards, Chief Executive AWP. A formal request was made for this to be addressed. The Audit and Risk Committee requested that the Executive Team confirm the performance management arrangements and provide advice about the support available to the team. **ACTION ST.**
7. ST advised that SMC was reviewing the performance management framework within the organisation. He undertook to ensure that Bristol System Leadership was included in this work along with corporate services. **ACTION ST.**
8. ST noted his concern that the CCG is having contractual performance meetings directly with individual organisations when the relationship should be with the lead provider (AWP). It was noted however, that while AWP is the system leader, they did not hold contracts or performance manage them. ST noted the importance of the contract being clear about AWP's areas of responsibility.

Otsuka Contract

9. CM confirmed that there would be a structured process which allowed sufficient time to give careful consideration to whether AWP should continue with the Otsuka contract.
10. It was reported that a pilot was underway and a full evaluation would be undertaken of the Otsuka Contract by the University of Bristol. There is also an internal evaluation happening through the Join the Dots project. Both evaluations would be received in mid-December 2016.
11. It was reported that work was underway on understanding the contractual framework and arrangements for the Otsuka Contract.
12. It was noted that Otsuka had acknowledged the need for the Trust to take time to reflect on the evaluations. A short term contract running from January to March could be an option available to AWP.

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13. It was agreed that Internal Audit would be commissioned to review the Otsuka contract and Bristol System Leadership. **ACTION KW/ST.**
14. There was a discussion about the overlap between AWP's work in this area and what the BSNGG STP is seeking to achieve in terms of looking at different outcomes and performance. It was reported that Will Hall had been leading on some of the discussions with the STP to ensure mental health issues are raised. It was acknowledged however that more clarity is required on Bristol System Leadership's role in performance management.
15. The Committee **noted** the update on the BSL risk register and Internal Audit report.

AR/16/071 Progress Against Internal Audit Recommendations

1. In relation to the overdue items, CM noted that IT would report progress at the December meeting.. **ACTION.**
2. CM also requested that AD provide an update on Clinical and Quality Governance including internal audit by the end of the following week. **ACTION AD**
3. CM sought approval to leave low priority items off the tracker so that the Committee could focus on the high and medium priority items. It was agreed that the tracker could be streamlined. **ACTION CG.**
4. The Committee **noted** the progress against internal audit recommendations.

AR/16/072 Standing Orders and Standing Financial instructions

1. There was a discussion about the volume and accessibility of the Standing Orders and Standing Financial Instructions that had been presented to the Committee.
2. It was noted that as a result of the annual review, changes were proposed to this document which should be presented to the Board for approval following review by the Audit and Risk Committee. These changes were set out in the papers.
3. CG outlined the substantial changes as follows: The Company Secretary had been removed as an Executive Director of the Board in line with ICSA best practice for the role to be neutral. The Executive Director of Resources had been re-named as the Finance Director. Correct references to NHSI had been recorded.
4. It was agreed that following approval by the Board of these relatively small changes, the Standing Orders and Standing Financial Instructions would be reviewed and streamlined. Areas of duplication would be removed. Compliance requirements would also be checked. A user-friendly summary document would then be produced. ST undertook to lead on this work. A delivery date of March 2017 was agreed. **ACTION CG/ST.**
5. CM undertook to provide CG/ST with her marked-up copy identifying areas where information had been duplicated. Committee members were asked to forward their feedback to CG and ST. **ACTION.**
6. CM suggested that new partnership arrangements (SPVs etc.) should be considered separately to the current Standing Orders and Standing Financial Instructions.
7. The Committee **recommended for approval by the Board** the changes to Standing Orders and Standing Financial Instructions.

AR/16/073 Issues Referred from/to Other Committees or to Board

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Update on issues in relation to finance controls and proposed way forward

1. ST noted that the current strategy is to ensure adherence to the controls that were already in place and to enhance controls as required.
2. ST advised that he had reviewed the internal controls currently in place across all key finance systems and presented the position. He had commissioned internal audit to undertake a review of budget management and month end processes and this was underway. The scope of this review was presented to the Audit & Risk Committee.
3. ST provided an overview of the key control areas which required improvement including:
 - Pay control (rostering system linked to budgets).
 - Recruitment (checking that vacancies are funded).
 - Agency controls (no payment without the allocate reference number).
 - Non-Pay controls (purchase order payment method).
 - Good Housekeeping controls.
 - Income control (investigate why invoice register does not reconcile with the ledger).
 - Authorisation process for non-contracted activity.
 - Income write-off process.
 - Controls around reporting CQUIN income.
4. ST confirmed that the key areas where AWP needed to strengthen controls were budget setting, month end processes, contracting and income management. Accounts payable processes were sound including authorisation of agency invoices.
5. ST reported on the work that had been done to reconcile the budget adjustments that had led to the current financial status, noting issues in relation to:
 - A deficient budget sign off process (budget holders had not signed off the budgets).
 - Reconciliation of central reserves.
 - Recording of recurrent and non-recurrent reconciliations.
 - Lost income as a result of resource mapping, loss of risk share arrangements with commissioners, and safer staffing.
6. ST noted that the levels of investment in anti-ligature work across the estate had meant that the capital programme did not have sufficient funds to invest in IT. He considered it appropriate to flag this in the risk register going forward.
7. ST noted his concerns in relation to the location of IT assets indicating that it was not clear where almost 50% of laptops were located. He noted they would be recalled for upgrading including changing passwords and updating the licences.
8. ST provided an update on resourcing and responsibilities within the Finance Team and confirmed that GB would be providing support on an interim basis for six months. He had appointed to the role of. Head of Financial Accounting and Head of Management Accounting and interviews for the Deputy Director of Finance would take place shortly. He also advised that the Senior Finance Team was now meeting on a weekly basis.
9. The Audit and Risk Committee acknowledged the hard work of the Finance Team during a difficult time.
10. MO noted that it was critical for staff to receive appropriate training and support on the systems they were using.
11. CM sought clarification that staff were being paid correctly through payroll and that there were no concerns around controls in this area. This was confirmed by ST,

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12. The Committee **noted** the Finance Update.

AR/16/074 External Audit Progress Report

1. BM took the report as read and provided the following update:
2. He advised that a Mental Health round table would be held in December.
3. The Committee **noted** the External Audit Progress Report.

AR/16/075 Internal Audit Progress Report

1. NAt took the report as read and provided the following update:
2. The Cyber Security report followed on from the IT Security report that had been published in the previous year. It was noted that a Cyber Security briefing would be provided in December. **ACTION CG**
3. A partial assurance report had been provided in relation to the PMO and Change Management. There had been a focus on governance aspects. There had been gaps identified in this regard. It was acknowledged that although attempts were being made to embed systems and processes, multiple staff changes had impacted on the human interface between PMO and the local delivery units and corporate teams. It was noted that the Finance and Planning Committee would be examining the new PMO structure and processes that had been established. **ACTION: Horizontal Reporting F&P.**
4. It was noted that there was no signed contract in place with Meridian. The business case had been presented to NHSI for approval, and this had now been approved. ST undertook to review at the approval process for the Meridian contract and provide a report back to the Audit Committee. **ACTION ST.**
5. The Committee **noted** the Internal Audit Progress Report.

AR/16/076 Receipt of Internal Audit Reports and Associated Opinions

1. Discussion relating to this item was recorded in AR/16/077.
2. The Committee **noted** receipt of the following reports:
 - Cyber Security Report 14.15.16 Payments To Staff FINAL
 - PMO and Change Management 6.16.17 AC 17.15.16 Follow Up FINAL

AR/16/077 Clinical Audit Six Month Progress Report.

1. The Committee **noted** the Clinical Audit Six Month Progress Report.

AR/16/078 Other External or Internal Changes which may affect Financial Reporting

1. No items were raised for discussion.

AR/16/079 Any Other Business

Counter Fraud Progress Report

1. JS reported on the Intelligence Update for 2016-17 from NHS Protect. He advised that sickness, timesheet, overtime, and working elsewhere while sick had been raised as the main areas of concern.
2. JS advised that he would be speaking to JT about putting checks in place to ensure that a

bank member of staff could not be engaged if he/she was already on a permanent contract.

3. JS reported that, in cases where a staff member had been found to be working a second job while off sick from the first, they could only be pursued if an unambiguous contract was in place.
4. An update was provided on the Adaku Okafor case. The defendant had been found guilty on three counts of fraud and one count of possession of a false identity document. She was sentenced to 16 months in prison, recommended for deportation, passport destroyed and ordered to pay a victim surcharge.
5. ST noted that he would be keen to promote an anti-fraud culture within the organisation. JS advised that he was planning Counter Fraud Awareness Training for staff. He would also be participating in a joint roadshow with the Security Management Specialists on the 7 November 2016.
6. The Committee **noted** the Counter Fraud Progress Report.

Counter Fraud Policy

7. The updated Counter Fraud Policy was presented for approval by the Committee.
8. CM proposed that clear information be provided at the beginning of the document to identify who should be contacted in the event of a fraud incident being discovered.
ACTION CG / JS.
9. The Committee **approved** the Counter Fraud Policy.

Committee Evaluation

1. Nine participants scored the meeting 3.
2. Two participants scored the meeting a 3.5.
3. Areas for improvement: shortening the meeting pack by presenting Executive Summaries (full reports could be attached behind). Information projected on the screen should be readable.
4. Areas for commendation: The Committee had focussed the discussion well. Challenge had been good from internal audit. BAF discussion had been good. Assurance had been provided about trust processes.